

ONLINE RENEWAL - FREQUENTLY ASKED QUESTIONS:

General Questions

1. When is firm registration and what is it for?

Firm registration will begin on February 15th, 2011. Firm registration is only for principal brokers. This process will allow the principal broker to enter their escrow account information, download private E & O certificates, review firm/branch information and review licensees associated with the firm. These steps must be completed before the broker and all licensees in their firm can begin the renewal process.

2. When can I renew?

The online system will be open for all licensees to renew on March 1st, 2011. Active licensees associated with a principal broker cannot renew until their principal broker has completed their registration and renewal.

It is mutually beneficial to all licensees for principal brokers to renew early.

3. Where can I renew?

Online at www.krec.ky.gov, just select the link that says Online Renewal and the system will guide you through the process. Licensees (both active and escrow) can only renew online.

4. When do I have to renew?

All licensees must renew by March 31st, 2011. After that date, licensees are subject to late renewal penalties (\$100 from April 1st to May 15th and \$200 beginning May 16th).

5. How do I pay for my renewal?

You can use a debit card, credit card or electronic check to pay your renewal.

6. What if I don't have a computer?

Most, if not all, public libraries offer computers for use by the public at no charge. You may also be able to access a computer through your office, a friend, or a family member. There will be a computer in the Commission lobby during normal business hours. Also, check the website at www.krec.ky.gov for special dates when the Commission will be traveling to several areas around the state to help licensees with the online renewal process.

7. Is this a secure site?

Yes, the site is very secure. You will notice the site will direct you to a link that begins with https: instead of the usual http:. This is the same type of security measure you will see if you access your bank account and many other secure functions online.

8. I don't have an email address. How can I get one?

You can obtain an email account from several online providers for free. Check with www.yahoo.com or www.msn.com. Below are directions to obtain one from MSN.

- ✚ Go to the website www.msn.com.
- ✚ Click on the word hotmail in the left corner.
- ✚ Click on the question "Don't have windows live id? Click to sign up."
- ✚ A create your Hotmail account screen will appear. You will need to fill out the boxes on the screen. You will need to create a unique email address. Type in the address you want. The system will let you know if it is in use and, if so, some alternatives that are available. You will also create a password.
- ✚ Just follow the steps and you will have your own email address. Then you can go to www.msn.com and login to see if you have any messages anytime you want. You just click on "hotmail" in the left corner and it will instruct you on how to sign into your account. You can also access your account from other computers by going to the website and signing in. Be sure to keep your email address and password in a safe place so you will be able to access it at anytime.
- ✚ The Commission will be sending emails to your email account throughout the year with important information regarding your license.

9. I am a principal broker and I have renewed. How will I know if my associates have renewed their licenses?

Principal brokers are able to log back into the online renewal website and review the renewal status of all the licensees associated with their firm. Log back in the same way you did to access the system when you registered and renewed. Go to the branch screen and click on view licensees to see those who have or have not renewed.

You can also check the renewal status of any licensee by going to the Commission's website www.krec.ky.gov and clicking on the KREC Database tab. You will need to check the box agreeing with the disclaimer and begin your search. Type the first and last name of the licensee and click search. Click on the + sign by the name and look for their license expiration date. A renewed licensee will show an expiration date of 3/31 for the following year.

Changes

10. What if I make a change to my license **after** I receive my renewal notice?

Once your change has been completed, you will be able to login and renew your license at that point. Do not wait to make a change to your license. **If you want to change your affiliation or move your license in or out of escrow, it will be much easier for you to make the change in February before renewal or in April after renewal.**

11. What if the address is wrong on my renewal notice?

If your home address is incorrect, use Form # 205 from the Commission's website at www.krec.ky.gov to change your home address. If you live out of state, you will also need to complete Form # 407. If you are a principal broker and your firm address has changed, you will need to complete Form # 201 and forward it to the Commission's office along with a check for \$10 per licensee. **It is best to make all changes prior to renewal to be sure you receive your important renewal information.** (Note: as a licensee, you are required by law to notify the Commission of a change of address within 10 days.)

12. How do I cancel my license?

If your license is in escrow, you can cancel it on the online renewal system. Just login and register your information, then follow the prompts. You will be asked if you wish to continue your escrow status. You can select no and allow your license to be cancelled. You will be asked to confirm your choice. If your license is active, you will need to have your principal broker return your license and submit your signed request to cancel the license.

13. What if my principal broker releases my license?

You will need to re-affiliate your license with a new principal broker or place the license in escrow. If you plan to reaffiliate, your principal broker will complete Form #200 and submit the form along with a \$10 check or money order. If you are placing your license in escrow, complete Form # 203 and submit that form along with a check or money order for \$10. (These actions can not be done online at this time.) You will then need to return to the online renewal system and renew your license once the change has been made.

14. What if I need to activate my license from escrow during March?

You must complete your required continuing education and submit Form #200 (completed by your principal broker) and a check for \$10 plus E & O for the month of March. You will then need to login to the online renewal system and renew your license. Be sure to renew your license by March 31st. If you cannot complete these requirements in time, you should renew your escrow license and then submit your information after you have completed license renewal for this year.

15. What if I already renewed my escrow license and I want to activate it in March?

You must complete your required continuing education and submit Form #200 (completed by your principal broker) and a check for \$10 plus E & O for the month of March and the full year (4/1 – 3/31).

16. What if I already renewed my active license and I want to place my license in escrow?

Please ask your principal broker to sign the license and return it to the Commission. You will then need to submit Form #203 and a check for \$10.

17. What if I have not yet renewed the license and I want to place it in escrow?

Have your principal broker sign the license and return it to the Commission. You will then need to submit Form #203 and a check for \$10. After your change has been made login to the online renewal system and renew your license. Be sure to renew your license by March 31st.

New Applicants

18. I am a principal broker and I found a new applicant listed on my list of licensees. Their status is incorrect what should I do?

If your new applicant applied for their initial license in March, they will be issued a license for the new year and their status should show as renewed. During processing, the applicants status may show as not renewed at a certain time or it may not list their name. Once the Commission staff has completed the daily reconciliation of payments, the applicant will be posted and their status will then show as renewed. Please check again the next day. If your applicant still shows as not being renewed, contact the Commission. If your new applicant applied for a license on or before February 28, their license was issued for the previous year. They are required to renew in March like any other licensee.

E & O Questions

19. What is E & O Insurance?

E & O stands for Errors and Omissions insurance. All real estate licensees who are actively licensed in Kentucky are mandated under KRS 324.395 to carry and maintain E & O insurance to cover activities under their real estate license. The Kentucky Real Estate Commission contracts each year with an insurance provider for a group policy after competitive, sealed bidding, in accordance with KRS Chapter 45A. The group policy shall be available to all licensees with no right on the part of the insurance provider to cancel any licensee under the group program. There are exclusions to the group program which can be found in 201 KAR 11:220. Licensees also have the option of obtaining E & O insurance independently, as long as the coverage contained in the policy and the financial condition of the insurance company complies with the minimum requirements as established in 201 KAR 11:220.

20. Who is required to carry E & O insurance?

All active licensees must maintain E & O insurance.

21. Do I have to have E & O insurance if I am in escrow?

No. However, the group E & O insurance is a claims made policy. This means that if a licensee does not have E & O insurance when a claim is filed, the licensee will not be insured. Licensees with expiring policies who are placing their license in escrow may want to purchase an Optional Extended Reporting Period Endorsement. This is often referred to as "tail coverage."

22. How can I obtain E & O insurance?

- a. E & O insurance can be purchased through the Commission's Group E & O provider by selecting "yes" for Commission Group E & O insurance on the Commission online renewal system. (The Commission group E & O coverage will be offered by Rice Insurance Services Company, LLC. If you would like additional information on the program and/or optional coverage, please visit RISC's website at www.risceo.com or call them at (800) 637-7319.);

OR

- b. Through a private E & O provider. If you obtain your E & O insurance through a private provider, be sure the coverage meets the minimum requirements of 201 KAR 11:220 as described in the following question and answer.

23. Are there any specific items that I need to know when purchasing private E & O?

E & O insurance must meet the minimum requirements set out in 201 KAR 11:220. The following is a list of the minimum requirements.

- a. It must be obtained from an insurance company with a B+ or better rating from the A.M. Best Insurance Rating Service.
- b. It must have a limit of liability of no less than \$100,000 per claim.
- c. The deductible may not exceed \$2,500 for judgment or settlement per claim and \$1,000 for the cost of investigation and defense per claim.
- d. The annual aggregate must be either none or no less than \$1,000,000 per licensee on an individual policy. However, a principal broker who purchases independent "firm coverage" shall certify the following aggregate amounts: \$1,000,000 for firms with 1 – 40 licensees; or \$2,000,000 for firms with 41 or more licensees.

24. How do I determine what insurance is best for me?

If you are a principal broker, you should review the Commission group policy and compare it to the needs of your company. You can also check with private E & O insurance providers to compare policies. If you are an active sales associate or broker, you should first check with your principal broker to verify their firm requirements for coverage. However, the KREC does not require that everyone in a particular firm carry the same policy with the same provider.